

TARIFF POLICY

GEORGE MUNICIPALITY



**TARIFF POLICY
GEORGE MUNICIPALITY**

INDEX

1.	PART 1: PREAMBLE	3
2.	PART 2: DEFINITIONS	3 - 6
3.	PART 3: PURPOSE	6
4.	PART 4: ALIGNMENT WITH THE MUNICIPALITY'S STRATEGIC GOALS AND OBJECTIVES	7
5.	PART 5: CONTEXT	7
6.	PART 6: SCOPE OF APPLICATION	7 - 8
7.	PART 7: GOVERNANCE AND REGULATORY REQUIREMENT	8 - 12
8.	PART 8: TARIFF PRINCIPLES	12 - 19
9.	PART 9: CATEGORIES OF CONSUMERS	20
10.	PART 10: COST ELEMENTS	20
11.	PART 11: TARIFF TYPES	21
12.	PART 12: TARIFF STRUCTURES AND METHODS OF CALCULATIONS	22
13.	PART 13: WATER	23
14.	PART 14: ELECTRICITY	24 - 27
15.	PART 15: REFUSE REMOVAL	27 - 28
16.	PART 16: SEWERAGE/EMPTYING OF CONSERVACY TANKS	28 - 29
17.	PART 17: CALCULATION OF MINOR TARIFFS	29 - 31
18.	PART 18: CAPITAL CONTRIBUTIONS	31 - 33
19.	PART 19: NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES	34
20.	PART 20: IMPLEMENTATION AND PHASING IN OF THE POLICY	34
21.	ADJUSTMENT OF ACCOUNTS	34
22.	SHORT TITLE	34

PREAMBLE

PART 1: PREAMBLE

- 1.1. **WHEREAS** section 4 of the Municipal Systems Act prescribes that a Municipality has the right to charge fees for services and impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties; and
- 1.2. **WHEREAS** section 4(2)(d) of the Municipal Systems Act prescribes that a Municipality has the duty to strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and
- 1.3. **WHEREAS** section 4(2)(e) of the Municipal Systems Act prescribes that a Municipality has the duty to consult the local community about the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
- 1.4. **WHEREAS** section 75 of the Municipal Systems Act requires the Municipal Council to adopt a tariff policy; and

WHEREAS the aforementioned provides for a Tariff Policy;

Now therefore the Municipal Council of the George Municipality adopts the following tariff policy.

PART2: DEFINITIONS

In this tariff policy, unless the context otherwise indicates –

- a) **“agricultural consumers** “means consumers engaged in agriculture as defined in LUPO,
- b) **“break even”** means the financial situation where the income derived by the Municipality from the supply of a service is equal to the aggregate of the fixed and the variable costs associated with the provision of the service concerned;
- c) **“commercial consumers”** means shops, offices, liquor stores, governmental institution (unless otherwise stated), supermarkets, public garages, gathering places (unless otherwise stated), nurseries, places of entertainment, service stations, hairdressing salons, caravan parks, game farms, eco-tourism, banks, hotels, hospitals, clinics, guesthouses, boarding houses and doctor and dentist consulting rooms and suchlike business undertakings;
- d) **“community service”** means the services referred to in paragraph 5(1)(c) **[that the Council has classified as such]** and in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

- e) **"consumer"** Means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or any owner/landlord of a property to which the municipality has agreed to supply services or already supplies services, and any owner of a property not receiving services but for which property services had been made available, and any person liable to the Municipality for taxes, rates or other charges.
- "the council"** means George Municipal Council, and **"municipal council"** shall have a corresponding meaning;
- f) **"councillor for financial services"** means the councillor of the municipal council responsible for financial services;
- g) **"domestic properties"** means residential properties, group housing, town houses, semi-detached houses and suchlike properties;
- h) **"due date"** –
- (1) in relation to accounts payable monthly on a recurring basis, the 15th day of the month which follows on the month during which an account is rendered;
 - (2) in relation to accounts payable annually, 30th September unless otherwise provided by any other law; and
 - (3) in all other instances, as and when demand for payment is made by the Municipality.
- i) **"economic services"** means services referred to in paragraph 5(1)(b) and in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;
- j) **"educational institutions"** means schools (unless otherwise stated), [crèches on municipal properties], colleges, universities and suchlike institutions;
- k) **"flat rates"** means the unit charge.
- l) **"the Finance Act"** means the Local Government : Municipal Finance Management Act, 2003 (Act No 56 of 2003);
- m) **"fixed costs"** means costs which do not vary with consumption or volume produced and as more fully set out in paragraph 5(3)(i);
- n) **"indigent households"** means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and **"poor households"** shall have a corresponding meaning;
- o) **"industrial consumers"** means industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;

- p) **"Municipality"** means when referred thereto as–
- i) an entity, George Municipality as a municipality described in Section 2 of the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000), including a duly authorized official of George Municipality; and
 - ii) a geographical area, the area of jurisdiction of George Municipality as determined in terms of the Local Government : Municipal Demarcation Act, 1998 (Act 27 of 1998).
- q) **"owner"** in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;
- r) **"public benefit organisations"** means public benefit organizations as defined in Section 30 of the Income Tax Act No 58 of 1962;
- s) **"resident"** means a person who ordinarily resides in the municipal area;
- t) **"special agreements"** means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;
- u) **"sport and recreation facilities"** means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;
- v) **"the Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);
- w) **"tariff"** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff."
- x) **"total cost"** means the sum of all fixed and variable costs associated with a service;
- y) **"trading services"** means services referred to in paragraph 5(1)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;
- z) **"two-part tariffs"** means tariffs that are raised to recover the fixed and variable costs separately. The fixed costs are recovered by dividing the total fixed costs by the number of customers per category and the variable costs are recovered by dividing the total variable costs by the volume consumed. Applicable to all household consumers which use an average of **less than 400kWh per month**, based on an average usage of the past 4 months, and classified as non-permanent residents .i.e. reside less than 9 months in dwelling.
- aa) **"units consumed"** means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;
- bb) **"variable costs"** means costs that vary with consumption or volume produced and as more fully set out in paragraph 5(3)(ii);
- cc) **"VAT"** means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

- dd) any reference in this tariff policy to '**an availability charge**' in relation to a particular service (albeit water, electricity, sanitation and refuse removal) shall mean an amount payable by the consumer in respect of the service as the consumer may reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced. In contrast hereto a 'charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.
- ee) For subdivisions or group housing developments, where the developer provides the internal civil services, availability charges for all erven approved and subdivided within the development for water, electricity, refuse removal and sanitation (where applicable) become payable 12 months after the issue of the Completion Certificate in terms of GCC 2010. If an individual erf within the development is transferred before the 12 month period has expired, availability charges for that specific erf will become payable for water and sewer as on the date of transfer, the submission of a building plan or the request for a Certificate of Registered Title. The date of the completion certificate must be confirmed by the director responsible for the specific service and which certificate a copy must be submitted immediately on receipt to the financial department.

In this tariff policy, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

- gg) This tariff policy must be read with all other Acts, Ordinances and Regulations pertaining to the supply of services by the Municipality and the tariffs and fees payable in respect thereof. In the event of any inconsistency between this tariff policy and any other legislation in force when this tariff policy comes into effect, this tariff policy shall prevail.

PART 3: PURPOSE

3.1. This policy aims to ensure that:

- a) The provisions of section 74 of the Act on Municipal Systems (Act 32 of 2000) are complied with;
- b) The tariffs are realistic and affordable;
- c) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the Systems Act (Act 32 of 2000).

PART 4: ALIGNMENT WITH THE MUNICIPALITIES' STRATEGIC GOALS AND OBJECTIVES

- 4.1. This Policy supports the following municipal strategic directions drawn from the Integrated Development Plan [IDP] and Strategic Development Business and Implementation Plan [SDBIP]:
- **IDP:** *"To facilitate economic development and integration of communities by utilising the resources of Council to increase the participation of local people in the mainstream economy and improve their livelihoods without compromising the financial viability of the municipality."*
 - **SDBIP:** *"To manage municipal resources in such a way that it improves the sustainability of the municipal assets and that financial planning and budget linkages can be optimised for improved service delivery and development"*

PART 5: CONTEXT

- 5.1 Tariff is defined as: "A tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff."
- 5.2. The Municipal Manager or his/her delegate must, subject to the guidelines provided by the National Treasury and Executive/Mayor of the municipality, make provision for the following classification of services:-
- (a) Trading services
 - i. Water;
 - ii. Electricity.
 - (b) Economic services
 - i. Refuse removal;
 - ii. Sewerage disposal.
 - (c) Community and subsidised services
- These include all those services ordinarily being rendered by the municipality excluding those mentioned in 4.2 (a) and (b).
- 5.3. Trading and economic services as referred to in clauses 4.2. (a) and (b) must be ring fenced and financed from service charges while community and subsidised services referred to in clause (c) will be financed from surpluses on trading and economic services, regulatory fees, rates and rates related income.

PART 6: SCOPE OF APPLICATION

- 6.1 It is intended that this policy document guides the annual setting (or revision) of tariffs, hence the policy does not make specific tariff proposals, nor does it deal in any detail with the implementation of specific tariff proposals. Details pertaining to specific levels and applications of the various tariffs are published in the Tariff listing, which must be read in conjunction with this Policy, and is issued on annual basis together with the Municipal Budget.

- 6.2 The policy is applicable to all tariffs for electricity, water, sanitation and solid waste services including availability charges and capital contribution charges as applicable
- 6.3 This policy is also applicable to all sundry tariffs, as provided for in the Tariff listing of George Municipality.

PART 7: GOVERNANCE AND REGULATORY REQUIREMENTS

7.1 Tariff in terms of this Policy shall comply with the:

- 7.1.1. Constitution of the Republic of South Africa, 1996 as amended;
- 7.1.2. Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), sections 17(3) (a)(ii), 19(2)(b), 24(2)(c)(ii), 28(6) and 62(1)(f)(ii) – [MFMA];
- 7.1.3. Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), sections 4, 74 and 75 – [MSA]; and
- 7.1.4. Any other applicable legislation, regulations and policies that may govern tariffs and that are not in contradiction with the primary legislation referred to above.

7.2. Constitution:

7.2.1. Section 229:

1. Subject to subsections (2), (3) and (4), a municipality may impose –
 - a. Rates and property and surcharges on fees for services provided by or on behalf of the municipality; and
 - b. If authorised by national legislation, other taxes, levies and duties appropriated to local government or to the category of local government into which that municipality falls, but no municipality may impose income tax, value-added tax, general sales tax or customs duty.
2. The power of a municipality to impose rates on property, surcharges on fees from services provided by or on behalf of the municipality, or other taxes, levies or duties –
 - a. May not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities across municipal boundaries, or the national mobility of goods, services, capital or labour; and
 - b. May be regulated by national legislation.
3. When two municipalities have the same fiscal powers and functions with regard to the same area, an appropriate division of those powers and functions may be made in terms of national legislation. The division may be made only after taking into account at least the following criteria: -

- a. The need to comply with sound principles of taxation.
 - b. The powers and functions performed by each municipality.
 - c. The fiscal capacity of each municipality.
 - d. The effectiveness and efficiency of raising taxes, levies and duties.
 - e. Equity.
- 4. Nothing in this section precludes the sharing of revenue raised in terms of this section between municipalities that have fiscal power and functions in the same area.
 - 5. National legislation envisaged in this section may be enacted only after organized local government and the Financial and Fiscal Commission have been consulted, and any recommendations of the Commission have been considered.

7.3. MFMA:

7.3.1. Section 17:

- 1. When an annual budget is tabled, it must be accompanied by the following documents:
 - a. Draft resolutions—
 - i. imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and

7.3.2. Section 19:

- 1. Before approving a capital project in terms of subsection (1)(b), the Council of a municipality must consider—
 - a) the future operational costs and revenue on the project, including municipal tax and tariff implications.

7.3.3. Section 24:

- 1. An annual budget must be approved together with the adoption of resolutions as may be necessary setting any municipal tariffs for the budget year.

7.3.4. Section 28:

- 1. Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

7.3.5. Section 43:

1. If a national or provincial organ of state in terms of a power contained in any national or provincial legislation determines the upper limits of a municipal tax or tariff, such determination takes effect for municipalities on date specified in the determination.

7.3.6. Section 62:

1. The Accounting Officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure—
 - a. The municipality has and implements a rates policy as may be required in terms of any applicable national legislation.

7.4. **MSA:**

7.4.1. Section 4:

1. The Council of a municipality has the right to -
 - a. govern on its own initiative the local government affairs of the local community;
 - b. exercise the municipality's executive all legislative authority, and to do so without improper interference; and
 - c. finance the affairs of the municipality by—
 - i. charging fees for services; and
 - ii. imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.
2. The Council of a municipality, within the municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to –
 - a. Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner; and
 - b. Consult the local community about-
 - i. The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
 - ii. The available options for service delivery.

7.4.2. Section 74:

1. A Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.
2. A tariff policy must reflect at least the following principles, namely that—
 - a. users of municipal services should be treated equitably in the ‘application of tariffs;
 - b. the amount individual users pay for services should generally be in proportion to their use of that service;
 - c. poor households must have access to at least basic services through-
 - i. tariffs that cover only operating and maintenance costs;
 - ii. special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
 - iii. any other direct or indirect method of subsidisation of tariffs for poor households;
 - d. tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
 - e. tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned;
 - f. provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
 - g. provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;
 - h. the economical, efficient and effective use of resources, the recycling of waste, and other appropriate environmental objectives must be encouraged;
 - i. the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.
3. A tariff policy may differentiate between different categories of users, debtors, service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair discrimination.

7.4.3. Section 75:

1. A Municipal Council must adopt by-laws to give effect to the implementation and enforcement of its tariff policy.
2. By-laws in terms of subsection (1) may differentiate between different categories of users, debtors, service providers, services, service standards and geographical areas as long as such differentiation does not amount to unfair discrimination.

7.5 WATER SERVICES ACT NO. 108 OF 1997

i) SECTION 10 : NORMS AND STANDARDS FOR TARIFFS

A municipality, in its capacity as a water services institution, must apply a tariff for water services which is not substantially different from any norms and standards which the Minister of Water Affairs and Forestry, with the concurrence of the Minister of Finance, has prescribed in terms of the present Act.

ii) SECTION 21: BYLAWS

A municipality, in its capacity as water services authority, must make bylaws which contain conditions for the provision of water services, and which provide for at least the following (inter-alia):

- (1) the standard of the services;
- (2) the technical conditions of supply, including quality standards, units or standards of measurement, the verification of meters, acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided;
- (3) the determination and structure of tariffs in accordance with Section 10 of the present Act.

If the municipality, in its capacity as water services authority, has imposed conditions under which water services are provided, such conditions must be accessible to consumers and potential consumers.

If the municipality, in its capacity as water services authority, provides water for industrial use, or controls a system through which industrial effluent is disposed of, it must make bylaws providing for amongst others at least the following:

- i) the standards of the service;
- ii) the technical conditions of provision and disposal;

PART 8: TARIFF PRINCIPLES

- 8.1 In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

8.2 The Municipality wishes to record that the following tariff principles will apply:

- i) Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the relief measures for poor households and deserving categories of users approved by the municipality from time to time).
- ii) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.
- iii) Tariffs for the four major services rendered by the municipality, namely:
 - (1) electricity
 - (2) water
 - (3) sewerage (waste water)
 - (4) refuse removal (solid waste),
- iv) shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.
- v) The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the four major services further generate an operating surplus each financial year as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.
- vi) The municipality shall develop, approve and at least annually review an indigent support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.
- vii) In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.
- viii) The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be disclosed to users.
- ix) The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.

- x) The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.
- xi) In the case of directly measurable services, namely electricity and water, the consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.
- xii) In addition, the municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. ~~Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; The other is and another~~ directly related to the consumption of the service in question.
- xiii) In considering the costing of its water, electricity and sewerage services, and the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.
- xiv) The Municipality shall, by adopting what is fundamentally a two-part tariff structure, namely a fixed minimum charge coupled with a charge based on consumption, address the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.
- xv) Part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. To this end the municipality shall install demand meters to measure the maximum demand of such consumers during certain periods. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

8.3 The following principles will also apply:

- i) Free services will only be possible if the National Government pay to the municipality an equitable share subsidy which covers the full costs of the free services.
- ii) All users of municipal services will be treated equitably. Save for poor households and deserving categories of users, the various categories of customers will pay the same charges based on the same cost structure.

- iii) The amount payable by consumers will be in proportion to usage of the service.
- iv) Indigent households must at least have access to basic services through life line tariffs or direct subsidisation.
- v) Tariffs must reflect the total cost of services.
- vi) Within limits, customers should be free to choose from a range of applicable tariffs.
- vii) Tariffs must be set at a level that facilitates the sustainability of services. Sustainability will be achieved by ensuring that.
- viii) Cash inflows cover cash outflows. This means that sufficient provision for working capital and bad debts will be made.
- ix) Access to the capital market is maintained. This will be achieved by providing for the repayment of capital, maintaining sufficient liquidity levels and making profits on trading services.
- x) Provision will be made in appropriate circumstances for a surcharge on a tariff. This will be required during a national disaster and periods of drought when a restriction of usage is required.
- xi) Efficient and effective use of resources will be encouraged by providing for penalties to prohibit exorbitant use.
- xii) The extent of subsidisation of tariffs will be disclosed.
- xiii) VAT is excluded from all tariffs and will be additional to these tariffs when applicable.

8.4 A property used for multiple purposes must, for purposes of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot readily make an apportionment in relation to the services concerned and the categories of users.

8.5 In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually and the Municipality may introduce transitional arrangements in respect of existing users.

~~8.6 Public Transport~~

~~The George Municipality together with the Provincial Department Transport and Public Works are implementing a public transport service in George.~~

~~A 5km stage distance with 15 km base distance will be used.~~

The Fare will be calculated as follows:

~~Total transport Fare = Policy Percentage x (Minimum wage /40) x Base Fare x Base Rate x Shape Factor~~^{Stages}

~~Fares will be linked to the Minimum Wage of Urban Domestic Workers employed more than 27 hours per month.~~

8.6 **PUBLIC TRANSPORT : TARIFFS WITH EFFECT FROM 1 JULY 2016**

The George Municipality together with the Provincial Department Transport and Public Works is operating a public transport service in George with the intention of providing affordable public transport giving access to the majority of the George community. The tariffs have been set using a moving 5km stage distance increment with a 15 km base distance as well as a 15-20km and 20-25km structure for implementation in the later phases. .

Method of calculation

The base tariff is a function of the Department of Labour: ~~For area A urban Domestic Worker,;~~ and revised annually and based on the area category A of an urban Domestic Worker, working more than 27 hours per week, in accordance with as per the formula below:

Tariff = ((% Minimum wage for commuting * Department of Labour Minimum Monthly Wage for urban domestic workers in Category A municipalities) * Shape Factor^{Stages}) / 40 (commute trips per month)

Where the indices are defined as:

Parameter	Value	Units
Policy Percentage	17.6%	
Minimum Wage*	R2,230.70 R2,422.45	per month
Working day trips	40	per month
Base Distance	15.0	Km
Base Fare	R0.70	/km
Stage Length	5	km
Shape Factor	1.25	

**Assumption: CPI of 6% for 2016/17 – Exact value to be adjusted in line with Gazetted minimum wage.*

Tariff structure:

Basic Tariffs are set for trips within and across George Municipality and the cost relates to the distance travelled. This is calculated based on the stage of boarding and the number of stages travelled across to reach the destination.

Stage lengths are shown in the table below. Transfers are free within 1 hour of boarding, allowing for a return journey if done within the 1 hour timeframe, but

may not include a return journey. Tariffs are calculated based on the formula above and the distance travelled.

STAGE	DISTANCE		STAGE	DISTANCE
0	15		6	45
1	20		7	50
2	25		8	55
3	30		9	60
4	35		10	65
5	40			

Fare Media:

Go George bus service is currently operating a paper ticket system with a multi-journey option. This will continue to operate until the Automated Fare Collection (AFC) system is operational. The fare structure for both the paper ticket and the AFC system are described below.

Paper ticket tariff structure:

An interim paper ticket system has been introduced. It is the intention to introduce an Automated Fare Collection (AFC) system, utilising a smart card.

Until such time the paper ticket fares will remain in force with the following fares proposed for the ~~2016/17~~ 2017/18 *financial year:

	0-15km		15-20km		20-25km	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
Single Ticket on Board	These tariffs will be determined by Council					
Single ticket Off Board	These tariffs will be determined by Council					
10 trip price (MJT)	These tariffs will be determined by Council					

The increase for the 2017/18 financial year have been limited due to the intention of the Municipality to re-align the transport cost increases with that of the annual tariff increase on 1 July, which is the Municipality's start of the new financial year. in the single ticket price is 5.9% or 50 cents, which is within the inflation target range but it is important to note that this is the first increase in 2 years and brings the price in line with the base tariff approved by Municipal Council (and linked to the minimum wage).

The increase in the MJT has been kept at a lower rate, with an increase of about 13,3% or one Rand per trip. Passengers will pay no more than the current fare if they convert to using the MJT (at an effective cost of R8.50 per journey).

However, it is important to note that although this is above the 6% inflation target rate, passengers will be able to pay the same rate of the 2015/2016 financial year if they opt to purchasing MJTs. The 0-15 km distances are the only fares effected due to the other distances not being rolled out yet.

There is a need to discourage the purchase of tickets on board buses to improve the boarding times as well as the optimisation of the service and accordingly the increase for single ticket sales on board will be at a higher premium in order to shift behavioural patterns within the service.

Accordingly, there will be an increase of 18% or R1.50 in order to discourage passengers from purchasing tickets on board vehicles, however, passengers will have the opportunity to purchase single tickets and MJTs off board at kiosks as well as existing and new vendors.

These paper ticket fares will be replaced by the new fare structure shown below when the AFC system is launched.

The 15-20km and 20-25km pricing distances have been increased from the previous financial year. These prices have however not been introduced to the system as the phases have not been rolled out yet. These prices will serve as the entry point for consumers due it being introduced for the first time.

The paper ticket system will be phased out once the AFC system is launched. The tariff prices will remain unchanged for the introduction of the AFC system and are listed below.

Automated Fare collection (AFC) Tariff Structure

On introduction of an AFC system, public transport users will be able to purchase a reloadable smartcard for use on the Go George buses as an alternative to a paper ticket.

With the introduction of the smart card the following changes will apply:

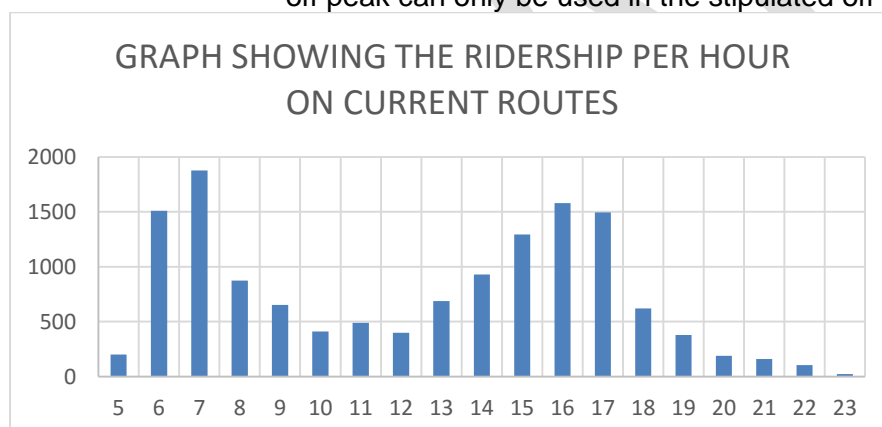
- The smart card will be sold at a price as determined by Council of R25 from specific identified vendors
- No refund will be applicable to lost or damaged cards
- The EMV card will replace the MJT on introduction

The EMV smart card system will offer the following products:

	0-15km		15-20km		20-25km	
	Peak	Off Peak	Peak	Off Peak	Peak	Off Peak
Paper ticket	These tariffs will be determined by Council					

Stored value	These tariffs will be determined by Council					
10 trip	These tariffs will be determined by Council					
44 trip	These tariffs will be determined by Council					
Day pass (excluding card)	These tariffs will be determined by Council					

- Further transit products may be offered, in line with the tariff structure, and will be published on introduction of the AFC system.
- Peak and off-peak journey times are based on the current ridership data available, which indicates:
 - Peak product can be used at any time (including off peak), while the off peak can only be used in the stipulated off peak times.



The purpose of introducing off-peak travel is to allow for spreading the ridership from the peak across to off-peak, providing passengers the opportunity to travel on a cheaper fare and also reducing the number of buses required and their associated running costs.

Weekday Peak:

06:00 – 08:00 PEAK
15:00 – 18:00 PEAK

Saturday:

08:00 – 14:00 PEAK

Sundays and Public Holidays:

All day off peak.

8.7 Advertising revenue

GEORGE MUNICIPAL PUBLIC TRANSPORT OUTDOOR TARIFF STRUCTURE

The George Municipality needs to approve municipal tariffs as part of the development of an advertising revenue strategy to recover rental income from the sale of advertising space on selected GIPTN infrastructure, and within the bus fleet. These new Municipal tariffs need to be incorporated into the annual George Municipal tariff policy. The revenue generated by the sale of Public Transport Outdoor Marketing space will accrue to the George Municipality and will be ring-fenced in the George Municipal Land Transport Fund as per the National Land Transport Act (Act 5 of 2009).

Method of calculation

The MyCiTi Integrated Rapid Transport System (IRT) for the City of Cape Town has an Advertising Revenue Generation policy document in place and is the only functional Public Transport System in South Africa currently offering advertising opportunities. This suggested tariff structure was reviewed in terms of the size of the MyCiTi footprint and compared to a situational analysis of the city of George in terms of economy, average estimated income of passengers, an outline of demographics based on the Living Standards Measurement segmentation (a research tool of the South African Advertising Research Foundation used by advertisers to segment various income groups), routes already rolled out, passenger statistics and an average of local ad spend (including a competitor media analysis).

Outdoor marketing opportunities

Vehicle advertising refers to advertising on GO GEORGE buses (the vehicle fleet consisting of mini, midi and standard buses). **Street furniture** is a collective term for objects and pieces of equipment installed on streets and roads for various purposes and in terms of the GIPTN system, it includes bus shelters, bus stops and refuse bins and space at GIPTN bus shelters, transfers and stops.

1. Vehicle advertising (monthly)

Plastic pockets - size A 2 and A3
Safety straps (wraparounds)
Printed seat sleeves

2. Street furniture advertising (monthly)

Bus shelter advertising
Refuse bins at shelters
Kiosk Space in the Transport Hub

3. Street furniture advertising (daily)

Adopt-a-stop

8.8 **Parking tariff**

George Municipality intends to introduce a public parking tariff.

Tariffs will be adjusted annually based on the minimum wage. The Council may, at its sole discretion, also consider to amend the percentage of the minimum wage to be applied and what, if any, concessionary tariffs are to be offered. It means a tariff as approved by the Municipality from time to time or a tariff determined by a Service Provider in terms of a contract with the Municipality;

8.9 **Availability Charges**

It means that an amount will be payable by the consumer in respect of a service when the consumer can reasonably be connected to the service which is available, although the vacant property concerned is not in fact so connected and or serviced.

The availability charges will be levied for the following services, Water, Electricity, Sanitation, and Refuse. In contrast hereto a 'charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

PART 9: CATEGORIES OF CONSUMERS

9.1 Separate tariff structures may be imposed for the following categories of consumers (which the council may change):

- i) domestic consumers;
- ii) Indigent consumers;
- iii) commercial consumers;
- iv) industrial consumers;
- v) agricultural consumers; where applicable;
- vi) municipalities;
- vii) consumers with whom special agreements were made;
- viii) consumers in certain geographical areas;
- ix) sport and recreation facilities;
- x) educational institutions; and
- xi) public benefit organisations and suchlike institutions;
- xii) state Departments.

- 9.2 Where substantially different demands are made on the infrastructure used to provide a service to a specific group of users within a category or the standard of services required by such users, the council may, after having considered a report by the Municipal Manager or the relevant Head of Department, determine differentiated tariffs for the different consumers within the specific category.
- 9.3 Services shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

PART 10: Cost elements

- 10.1 The following cost elements will be used to calculate the tariffs of the different services:
- 10.2 *Fixed costs* which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
- 10.3 *Variable cost:* This includes all other variable costs that have reference to the service.
- 10.4 *Total cost:* consist of the fixed cost and variable cost.

PART 11: TARIFF TYPES

- 11.1 In determining the type of tariff applicable to the type of service the municipality shall make use of the following six options or a combination of the same.
- 11.2 *Single tariff:* this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.
- 11.3 *Cost related two to three part tariff:* this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.
- 11.4 *Inclining block tariff:* this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

- 11.5 *Declining block tariff*: this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by council from time to time by the volume consumed. This tariff will only be used for special agreements.
- 11.6 *Regulating tariff*: this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.
- 11.7 *Time-of-use tariff*: this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.
- 11.8 Stage based public transport tariff based on a 5km stage distance with 15km as the base distance.

PART 12: TARIFF STRUCTURES AND METHODS OF CALCULATIONS

12.1 CALCULATION OF TARIFFS FOR MAJOR SERVICES

- i) In order to determine the tariffs which must be charged for the supply of the four major services (water, electricity, refuse removal and sewerage) the municipality shall identify all the operational costs of the undertakings concerned, including specifically the following:
 - a) Cost of bulk purchases in the case of water and electricity.
 - b) Purification costs (water and sewer)
 - c) Distribution costs.
 - d) Distribution losses in the case of electricity and water.
 - e) Depreciation expenses.
 - f) Maintenance of infrastructure and other fixed assets.
 - g) Administration and service costs, including:
 - (1) service charges levied by other departments such as finance, human resources and legal services;
 - (2) reasonable general overheads, such as the costs associated with the office of the municipal manager;
 - (3) adequate contributions to the provisions for bad debts and obsolescence of stock;
 - (4) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
- ii) The intended surplus to be generated for the financial year, such surplus to be applied:
 - a) as an appropriation to capital reserves; and/or
 - b) generally in relief of rates and general services.

12.2 The cost of approved indigent relief measures.

12.3 The municipality shall provide the first 50kWh of electricity per month as a standard plus any additional units as decided upon from time to time and the first 6 kl of water per month free of charge to consumers who have registered as indigents in terms of the municipality's indigent relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

12.4 Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned.

The following tariff structure will, where possible, be used to determine tariffs:

PART 13: WATER

13.1 Tariff structure

- i) Fixed costs plus rising block tariffs will apply to all consumers excluding:
 - (1) Schools, Colleges and Technicons.
 - (2) Children's Homes.
 - (3) Sports Bodies.
 - (4) Old Age Homes.
 - (5) Municipal Buildings.
 - (6) Farms.
 - (7) Industries/ Businesses with a consumption of more than 100kl per day.
- ii) The rising block tariffs will apply:
 - 0 - 6 kl
 - >6 - 12 kl
 - >12 - 20 kl
 - >20 - 30 kl
 - >30 - 50 kl
 - >50kl
- iii) the implementation of the emergency tariffs will depend on the level of the Garden Route Dam and as determined in the Drought Management Policy.

13.2 Method of calculation

- i) All domestic and Indigent households receive their first 6 kl per month free.
- ii) The fixed costs of the service shall consist of the costs indicated as such by the council.
- iii) The number of users and estimated volume consumed per category will be used to determine the fixed tariff per category.
- iv) Where properties are not connected to the water service but can reasonably be connected to the service an availability tariff will be payable. See page 7 (ff) for private developments.
- v) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- vi) Industries/Businesses with a consumption of more than 100kl per day will have a basic minimum charge per month and their consumption will be charged at a flat rate as determined by Council.

PART 14: ELECTRICITY

14.1 Tariff structure

- i) Maximum demand (kVA) plus fixed tariff plus kWh consumed.

- ii) Fixed tariff plus kWh consumed.
- iii) Unit tariff (kWh consumed) (Pre-payment meters).

14.2 Method of calculation

- i) Guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.
- ii) To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

Cost groupings	Underlying cost-allocation bases		
	Capacity costs: expressed as Rands/kVA/month	Variable costs: expressed as Cents/kWh	Customer specific costs: expressed as rands/customer/ month
Purchase cost	X	X	
Capital costs	X	X	X
Support costs	X		X

Tariff types	Tariff components			
	Fixed charge (rands/ customer/m onth)	Energy charge (cents/kWh)	Time-of-use energy charge expressed as (cents/kWh)	Capacity charge expressed as (rands/kVA/ month)
One-part single energy rate tariff (Lifeline tariff)		X		
Two-part tariff	X	X		
Two-part time-of- use tariff	X		X	
Three-part tariff	X	X		X

14.3 The one-part single energy rate tariff:

For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:

- i) The rands/kVA/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.
- ii) The rands/customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.
- iii) The qualification criteria to be placed on one part tariff -where the average of consumption is less than 400kWh per month, is as follows;
 - (a) All Households that are defined as indigent household consumers as per the credit control policy of Council.
 - (b) All consumers which have been identified as permanently inhabited households and meet the following criteria;
 - (i) Reside for a minimum period of 9 months per year in the dwelling.
 - (ii) A consumer must submit a sworn affidavit form before any Commissioner of Oath to this effect.
 - (iii) A new affidavit must be handed in annually before 1 July of each financial year in order to remain on the one part tariff.
- iv) If the monthly consumption of the Indigent Household exceeds 450 kWh per month, the electricity tariff will be changed to the higher tariff for normal households.
- v) Backyard-dwellers also qualify for the free basic electricity units, as determined by Council, if they are deemed to be indigent. The safety of the electrical network on the property is the responsibility of the owner of the property. A valid certificate of compliance (COC) must be made available to the Municipality on request.

14.4 The two-part tariff:

- i) The rands/kVA/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must then be added to the kWh purchase charge.
- ii) The rands/customer/month charge is not reallocated into other tariff elements.

- iii) The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.
 - iv) This is applicable to all conventional household credit meters where households have an average consumption of less than 400kWh per month and where households are categorised as non-permanent household and don't meet the criteria as given in paragraph c)(iii) above.
- 14.5 The two-part time-of-use tariff:
- i) The rands/kVa/month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
 - ii) The rands/customer/month charge is not reallocated.
- 14.6 The three-part tariff:
- i) The rands/kVA charge recovers the network cost elements. Some of this cost must be reallocated into different tariff elements.
 - ii) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA costs.
 - iii) The rands/customer/month charge is not reallocated.
- 14.7 The three-part time-of-use tariff:
- i) As with the standard three-part tariff, a portion of the rands/kVA/month charge is reallocated into the various time-of-use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time-variation of the capacity costs is taken into account in the reallocation of the rands/kVA charge into the various time-of-use cents/kWh charges.
 - ii) The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVA charges.
 - iii) The rand /customer/month charge is not reallocated.
- 14.8 Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.
- 14.9 Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The tariff will be calculated by adding a surcharge of 50% to the fixed costs applicable to connected consumers per category.
- 14.10 When bulk consumers with electronic type meters close during December/January (one metering period), and use maximum demand for less than 5 days during the metering period and the city demand does not coincide with the customers demand reading, then the minimum demand charge will

apply for that month if arrangements are made with the Electro-Technical services at least one week before the period.

14.11 The Pre-Paid System

No refund for ppm tokens will be given to clients that move to another address with a different prepaid meter.

14.12 Theft and fraud

The responsibility for outstanding costs for meter tampering and penalties will be the responsibility of the owner of the property in cases where the tenants tampered with the prepaid meter.

PART 15: REFUSE REMOVAL

15.1 Tariff structure

- i) Plastic bags per week (volume).
- ii) Containers per week (volume) (240 litre) ~~(1,1m³)~~.
- iii) Bulk Refuse Containers
- ~~iv) Truck load <2000kg.~~
- ~~v) Truck load >2000kg.~~

15.2 Method of calculation

- i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service. The unit charge per cubic meter will be converted to a cost per black bag. A cost per month will be calculated for domestic consumers based on the average number of bags removed per week.
 - (1) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.
- ii) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans.
- iii) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.
- iv) Opportunity costs for once-off removals will be calculated by recovering the costs of the volume removed plus a percentage surcharge as determine by council.
- v) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and

electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.

- vi) No refuse removal tariffs will be raised where council has not introduced a refuse removal service.

PART 16: SEWERAGE/EMPTYING OF CONSERVANCY TANKS

16.1 Tariff structure

- i) Number of cisterns or urinals.
- ii) Volume of suction tanker truck.
- iii) Formula driven waterborne tariff.

16.2 Method of calculation

- i) Where properties are not connected to the sewerage system but can reasonably be connected to the service an availability tariff will be payable. The tariff will be equal to the unit tariff applicable to domestic households. See page 7 (ff) for private developments.
- ii) A unit charge per consumer will be charged. The tariff will be calculated by dividing the total cost by the total number of basic erven. A basic **vacant erf** will be deemed to be 1 200m² **and an Erf with improvements will be deemed 2500m².**
- iii) An additional charge per 100m² will be charged according to the following table:

1 – 1 200	Basic charge plus % increase as approved by Council.
1 201 – 3 400	Basic charge plus % increase as approved by Council.
3 401 – 10 000	Charge for category 1201 – 3 400 plus % increase as approved by Council.
10 001 – 20 000	Charge for category 3 401- 10 000 plus % increase as approved by Council.
over 20 000	maximum of range between 10 001 – 20 000

- iv) The cost of emptying conservancy tanks will be based on the volume removed and the cost associated therewith.
- v) Industries classified as WET industries shall pay a tariff based on the formula outlined in Provincial Gazette No 6687 dated 15 January 2010, set out in Annexure A.

PART 17: CALCULATION OF MINOR TARIFFS

- 17.1 All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4) shall be approved by the council in

each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

17.2 All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

- i) The following services shall be considered as subsidised services, Burials and cemeteries.
- ii) Rentals for the use of municipal sports facilities.
- iii) Municipal swimming pool.
- iv) Municipal public transport.

17.3 The following services shall be considered as community services, and no tariffs shall be levied for their use:

- i) Municipal museum and art gallery.
- ii) Disposal of garden refuse at the municipal tip site.
- iii) Municipal reference library.
- iv) Municipal lending library (except for fines set out below).
- v) Municipal botanical garden, and all other parks and open spaces.

17.4 The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

- i) Maintenance of graves and garden of remembrance (cremations).
- ii) Housing rentals.
- iii) Rentals for the use of municipal halls and other premises (subject to the proviso set out below).
- iv) Building plan fees.
- v) Sales of plastic refuse bags.
- vi) Sales of refuse bins.
- vii) Cleaning of stands.
- viii) Electricity, water, sewerage: new connection fees.
- ix) Sale of livestock and plants.
- x) Photostat copies and fees.
- xi) Clearance certificates for purposes of property transfers.
- xii) Town planning fees.
- xiii) Parking Fees.

17.5 The following charges and tariffs shall be considered as regulatory or punitive:

- i) Fines for lost or overdue library books.
- ii) Advertising sign fees.
- iii) Pound fees.
- iv) Electricity, water: disconnection and reconnection fees.

- v) Penalty and other charges imposed in terms of the approved policy on credit control and debt collection.
- vi) Penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.
- vii) Industrial Effluent.
- viii) All tariffs as approve in terms of the drought relief program.
- ix) Fines- All relevant fines to be implemented by Council.

17.6 Market-related rentals shall be levied for the lease of municipal properties.

- i) In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community and for arts and culture groups, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied. The abovementioned will not apply to political parties and political parties may not use the halls for free.
- ii) The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality sustaining damages as a result of the use of the facilities concerned.

17.7 Tariff structure:

The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidised services. Halls can be rented at an hourly rate for a maximum of up to three (3) hours.

17.8 Method of calculation

These tariffs will be adjusted annually by increasing the tariff that applied during the previous financial year by a percentage increase as determined by the majority councillors present at the meeting where the budget is approved.

17.9 Overdue Amounts

- i) The Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.
- ii) The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer. Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

PART 18: CAPITAL CONTRIBUTIONS

18.1 For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires:

- i. **"capital contributions"**, the tariffs payable in respect of the water, electricity, sewerage, storm water, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;
- ii. **"equivalent erf"**, in relation to –
 1. **water and sewerage services**, a property of which the hypothetical average daily water usage as determined by George Municipality's Director: Civil Engineering Services in accordance with his standard formula does not exceed 1000l/day;
 2. **electricity**, a property with a hypothetical design capacity of 10kVA before diversity as determined by George Municipality's Director: Electro-Technical Services in accordance with his standard formula, subject thereto that (a) a 3 phase domestic supply shall be equal to 2 equivalent erven (i.e. 20kVA); (b) a 3 phase business supply shall be equal to 3 equivalent erven (i.e. 30 kVA); and (c) any other cases shall be determined by George Municipality's Director: Electro-technical Services on a basis of what is fair and reasonable; and
- iii. **solid waste removal**, a property of which the hypothetical solid waste generation is equal to that of a three-bedroom residential unit calculated in accordance with the standard formula as determined by the Director: Community Services.
- iv. **"transfer"**, transfer of the relevant property in terms of the Deeds Registries Act 47 of 1937 or any similar transfer of ownership.

18.2 Capital contributions are payable in addition to any service charges, charges for consumption, availability charges and connection fees.

18.3 ~~The capital contributions provided for in these tariffs may be imposed by any person or authority when granting any authorisation, exemption or application contemplated in Section 42 of the Land Use Planning Ordinance, 1985 (Western Cape Ordinance 15 of 1985) or in terms of any other legislation that may be applicable : Provided that these tariffs shall not limit or restrict the conditions that may be imposed by such person or authority and such person or authority shall be free to impose such other capital contributions as it may deem necessary or expedient under the circumstances.~~ **The capital contributions provided for in these tariffs may be imposed in terms of Section 75A of the Local Government : Municipal Systems Act 32 of 2000 or may be imposed by any person or authority when granting any authorization, exemption or application contemplated in Section 42 of the Land Use Planning Ordinance, 1985 (Western Cape Ordinance 15 of 1985): Provided that these tariffs shall not limit or restrict the conditions that may be imposed by such person or authority and such person or authority shall be free to impose such**

other capital contributions as it may deem necessary or expedient under the circumstances.

- 18.4 All capital contributions are adjusted annually and will be charged and be payable at the revised tariffs which are applicable at the time of transfer of the erf or property concerned or the approval of building plans in respect of such erf or property, whichever takes place first : Provided that should the number of erven, residential units, equivalent erven or other basis on which capital contributions may previously have been based, increase, additional capital contributions shall be payable calculated in accordance with the then existing tariffs when such changes take place or building plans are approved, as the case may be, whichever shall be the earlier.
- 18.5 Should the floor area of an existing building be increased or should approved building plans be changed or should an existing or authorised use of any building be changed or should new buildings be erected, or the electricity supply be increased, as the case may be, the owner shall be liable for payment of capital contributions in respect of such extensions, additions or changes, as the case may be, in accordance with the tariffs applicable from time to time, which capital contributions shall become payable upon approval of the building plans in respect of such extensions or additions or the occurrence of such change, as the case may be.
- 18.6 ~~Should any capital contributions have been paid upon approval of building plans or at any time before transfer of a property and any changes as contemplated in paragraphs d) and e) subsequently occur, the provisions of paragraphs d) and e) shall apply *mutatis mutandis* in determining the additional capital contributions payable.~~ **Should any capital contributions have been paid upon approval of building plans or at any time before transfer of a property and any changes as contemplated in paragraphs (c) and (d) subsequently occur, the provisions of paragraphs (c) and (d) shall apply *mutatis mutandis* in determining the additional capital contributions payable.**
- 18.7 The capital contributions for roads and solid waste removal shall be calculated in accordance with the applicable standard formula of George Municipality's Director: Civil Engineering Services and Director: Community Services.
- 18.8 To the extent that storm water drainage is not provided for in the standard formula referred to in paragraph (g) above in respect of roads or if, in the opinion of George Municipality's Director: Civil Engineering Services, it would be more appropriate, the capital contribution in respect of storm water drainage shall be equal to the direct costs of the storm water drainage infrastructure provided or to be provided.
- 18.9 ~~Capital contributions shall be payable by the registered owner of the property concerned at the time when the contribution is due and payable, which shall be upon transfer or approval of building plans, whichever shall be applicable, unless any conditions of approval provide otherwise.~~ **Capital contributions shall be payable by the registered owner of the property concerned at the time when the contribution is due and payable, which shall be upon transfer of the property concerned or approval of building plans, whichever shall be applicable, unless any conditions of approval or services agreement provide otherwise or if the Municipality's Director : Civil Engineering**

upon application in writing on good cause shown, determine otherwise :
Provided that if payment of capital contributions are to take place at any time other than upon transfer or approval of building plans, such payment shall be secured by a guarantee to the satisfaction of the Municipality's Director : Civil Engineering.

18.10 ~~The capital contributions provided for in these tariffs shall be payable unless the payment of such amount is replaced by a condition imposed in terms of Section 42 of the Land Use Planning Ordinance, 1985 (Western Cape Ordinance 15 of 1985) or any other legislation that may be applicable.~~ **The capital contributions provided for in these tariffs shall be payable in terms of section 75A of the Local Government: Municipal Systems Act 32 of 2000 unless the payment of such amount is replaced by a condition imposed in terms of Section 42 of the Land Use Planning Ordinance, 1985 (Western Cape Ordinance 15 of 1985).**

18.11 The following transitional arrangements shall apply in respect of these tariffs :

- i) ~~Should any building plans have been submitted for approval in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977) on or before 30th June 2006 and such approval is granted after 30th June 2006, the capital contributions in force on 30th June 2006 shall, subject to sub-paragraph (iv), apply.~~
- ii) ~~Should application for a certificate (generally referred to as a rates clearance certificate) as contemplated in Section 118 of the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000) have been made on or before 30th June 2006 and such certificate is issued after 30th June 2006, the capital contributions in force on 30th June 2006 shall, subject to sub-paragraph (iv), apply in respect of any tariff payable before transfer of the property concerned.~~
- iii) ~~Should the approval of any building plans in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977), lapse after 30th June 2006 without being extended, the capital contributions in force at the time of any subsequent approval of building plans for the property concerned shall, subject to sub-paragraph (iv), apply.~~
- iv) ~~Should any authorisation, exemption or application contemplated in Section 42 of the Land Use Planning Ordinance, 1985 (Western Cape Ordinance 15 of 1985) or in terms of any other legislation that may be applicable, granted on or before 30th June 2006 not have provided for the payment of any tariffs or amounts in respect of any particular infrastructure provided for in these tariffs, the registered owner shall not as a result of these tariffs only become liable for payment of a capital contribution for which the registered owner would otherwise not have been liable : Provided that if any changes as contemplated in paragraph (e) subsequently occur, the provisions of paragraphs (d) and (e) shall apply *mutatis mutandis* in determining the capital contributions payable.~~

The following transitional arrangements shall apply in respect of these tariffs:

- (i) Should any building plans have been submitted for approval in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977) on or before 30th June 2017 and such approval is granted after 30th June 2017, the capital contributions in force on 30th June 2017 shall apply.
- (ii) Should application for a certificate (generally referred to as a rates clearance certificate) as contemplated in Section 118 of the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000) have been made on or before 30th June 2017 and such certificate is issued after 30th June 2017, the capital contributions in force on 30th June 2017 shall apply in respect of any tariff payable before transfer of the property concerned.
- (iii) Should the approval of any building plans in terms of the National Building Regulations and Building Standards Act, 1977 (Act no 103 of 1977), lapse after 30th June 2017 without being extended, the capital contributions in TARIFFS 2017/2018 79 force at the time of any subsequent approval of building plans for the property concerned shall apply

PART 19: NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

- 19.1 The tariffs will be approved as part of the annual budget.
- 19.2 The tariffs will come into effect as and when determined by the Council.

PART 20: IMPLEMENTING AND PHASING IN OF THE POLICY

- 20.1 The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws referred to in section 75 of the Systems Act.

PART 21: ADJUSTMENT OF ACCOUNTS

Where incorrect debits were raised, the accounts under query will be rectified for the current financial year and two preceding years.

Adjustments made to the customers' service account, where the adjustment is in the customers favour, will be made for the three preceding years.

Adjustments made to the consumers' service account, where the adjustment is in the municipality's favour, will be made for the twelve preceding months.(1 Year).

Where the customer caused the adjustment, for example through the by-passing of meters or by supplying the incorrect information, the adjustment will be made for the three preceding years.

PART 22: SHORT TITLE

This policy is called the George Municipality Tariff Policy.

Annexure A

INDUSTRIAL EFFLUENT CHARGES

The charge for industrial effluent per kilolitre for the disposal of effluent that does not comply with residential effluent standards and may include effluent discharged into a stormwater system shall be determined in accordance with the following formula:

$$T_c = X + Y(\text{COD}_i/\text{COD}_w) + Z + \text{Penalty}$$

Where T_c = Extraordinary treatment cost to consumer per kl

X = Conveyance cost per kl

$$= C_c / V_A$$

Conveyance = The transport of effluent or any liquid waste in the bulk or external sewer network from the point of discharge to the inlet of the of the treatment works

C_c = The operation and maintenance expenditure towards the conveyance of the waste water in kl per annum

V_A = Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum

Y = Variable treatment costs per kl

$$= C_T / V_A$$

Variable = These costs are defined as expenditure that does

Treatment Costs vary significantly with volume and COD loading

C_T = The operation and maintenance expenditure towards the treatment of the waste water in kl per annum

V_A = Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum

COD_i = Average of each industria, inclusive of both biodegradable and non-biodegradable portion of COD

COD_w	=	Average of works (weighted for more than one works), inclusive of both biodegradable and non-biodegradable portion of COD
Z	=	Fixed Costs per kl
	=	C_F / V_A
Fixed Costs	=	These costs are defined as expenditure that does not vary significantly during a particular financial year and which is not affected by COD loading
C_F	=	Fixed cost expenditure towards the treatment of the waste water in kl per annum
V_A	=	Adjusted volume (Adjusted volume means total volume corrected for infiltration) in kl per annum
Penalty	=	Penalty per kl charged in addition to the effluent charge based on volume and COD, for prohibited effluents, for instances where COD_i of the effluent exceeds 3000 mg/L or where any other quality parameter exceeds the maximum value allowed according to Annexure A of the by-laws, as contained in the permit for the industry
	=	$P \times (\text{value measured}/\text{maximum allowed})$ If value measured is lower than maximum value $P = 0$, except in the case of pH where $P = 0$ if pH is between 6 and 10 and the Penalty = $P \times (\text{value measured}/10)$ if the pH is above 10 and
	=	$x\{[6+(6-\text{value measured})]/6\}$ if it is below 6
P	=	Unit penalty charge as determined by Council

NOTE: An incremental penalty (P) is payable per non-compliance, and will increase by 0.5 per non-compliance.

As approved by Council at the Council meeting which was held on 24 May 2016.

Signed at GEORGE on the 24th day of May 2016.

A handwritten signature in black ink, appearing to read 'T Botha', is written over a horizontal dotted line.

Municipal Manager: T Botha

DRAFT